



City Manager's Office
City of Frisco, Texas

Memorandum

To: Honorable Mayor Maso and Members of the Frisco City Council

Cc: George A. Purefoy, City Manager

From: Ron Patterson, Assistant City Manager

Date: 11/10/2010

Agenda Caption: Consider and act upon a Resolution authorizing the City Manager to execute an Agreement between the City and The Frisco Association for the Arts.

Action Requested:

A request is being made to approve an agreement with the Frisco Association of the Arts to continue the local arts mission.

Background Information:

The City Council approved its budget on September 21, 2010 which included funding through the Hotel\Motel Fund for the Agreement that is the subject of this agenda item.

The attached Agreement is for the continuation of the operation of the Frisco Association for the Arts (the "FAA") which has had within its mission to serve as the umbrella organization coordinating with and providing funding for various local arts groups in Frisco. While the FAA continues this mission they have also taken on the role of managing and operating the new Frisco Discovery Center (the "FDC") through a contract with the Frisco Community Development Corporation (the "FCDC"). This new role truly enhances the FAA's ability to support local arts by now having a facility in which both performing and visual arts have access to a local venue for their use.

Local Arts Financial Support

While the FAA has embraced the new role of managing the FDC they have not lost sight of its mission to support the local artists. You will note in the attached FAA budget they have set aside, in a line item entitled "Grant Expenses", \$40,000 or 18.41% of the budget for "distribution" of funds to the various local arts groups, as is authorized under the laws regulating Hotel-Motel funds. This distribution methodology of using a local 501(c)(3) arts umbrella organization, such as the FAA, is one that is common among cities. In this manner the Council is not faced with having to make numerous distributions to several groups. Instead the FAA is used to make those distributions. Below is a list of art groups that have been supported financially through the FAA grants:

- Chamberlain Ballet
- Collin Community College Arts
- Collin County Ballet – for local performances only
- Collin County Songwriters
- Frisco Area Children's Theater
- Frisco Ballet
- Frisco Chorale
- Frisco Community Band
- Frisco Community Theatre
- Frisco ISD Education Foundation
- Plano Symphony Orchestra – for local "Home for the Holidays" event only
- Visual Arts Guild of Frisco
- Word of Mouth Productions

Frisco Discovery Center Operations

As mentioned above the FAA has taken on the additional role of managing and operating the new FDC. The operational agreement is somewhat similar to our agreements with the operators of our sports facilities where FAA will be responsible for the day-to-day operations and any revenue generated by the facility will flow back into the operations budget to help offset cost. All of that said, the analysis completed in developing their overall operating budget revealed that the FAA will not be able to generate enough revenue to completely offset the additional cost to operate the facility. This would be true no matter who operates the facility and true of most facilities of this type. Therefore, when the FCDC Board entered into the operating agreement they provided some funding to help offset the revenue-operations gap. This funding is less than if the FCDC were to attempt to hire staff and operate the facility on its own.

The FCDC entering into the operating agreement with the FAA also made a great deal of sense from the perspective that the FAA already had the knowledge needed of the various arts groups.

The FAA staffs the FDC with typical operating hours of approximately 76 hours per week (seven day period). They keep normal office hours Monday through Friday from 9:00 a.m. to 5:00 p.m. (this time is used for operating the facility – and – fulfilling their original mission of supporting the local arts groups). Because a large number of the FDC arts patrons utilize the facility after normal operating hours and on weekends the staff typically has to cover approximately 36 hours per week of afterhours\weekend time. During the normal office hours much of the booking and maintenance activities for the Black Box and Gallery occur, as well as supporting the Sci-Tech operations who see most of their visitor traffic during the day. The after-hours operations focus much more on the technical support for the facility and productions. The staffing breakdown looks like this:

Normal Office Hours	9:00 a.m. to 5:00 p.m. M-F	40 Hours per week
<u>After Hours\Weekends</u>	<u>after 5:00 p.m. & Sat.\Sun.</u>	<u>~36 Hours per week</u>
	Total Staffing Hours	~76 Hours per week

All of these hours are covered with one (1) full-time equivalency and one (1) part-time equivalency for the operations management and several part-time technical employees. All of these costs are covered from the “Professional Services” line item in the budget which makes up about 41.28% of their budget (One Full-time and one part-time operations management staff – 21.85% and part-time technical – 19.42%; these numbers include all payroll taxes as well). This is as compared to approximately 60% of any given City departmental budget being personnel cost.

Gala Event vs. Festival

You will recall that last year the FAA hosted a “festival” in an attempt to raise funds to help support the arts. That event lost money, therefore, with the opening of the FDC the FAA took a different path going back to hosting a gala fund raiser event. This year the gala had approximately \$27,858 in income (may go as high as \$33,510 when everything is collected) and had expenses of approximately \$12,661. This left a net profit to date of \$15,197 (and may be as high as \$20,849 when all income is collected). It is clear that their new strategy worked.

Summary

The FAA revised its fund raising focus, while still supporting the local arts financially, and has additionally taken on a new role in the management and operation of the FDC. Thus far it appears from the results they are being successful in all of these missions.

The FAA made money in their fund raising efforts and attached behind the operating budget is a print out of the booking calendar for FDC. As one can see they have been, and continue to be, successful in keeping the facility active. The schedule drops off during the Christmas season but picks up again after the first of the year. Quite simply put the proof is in the results.

I would also like to pass along that the local arts groups as well as Sci-Tech have all praised the FDC and what it has brought to the community. Between the traffic that the FAA is driving to the facility due to its work with the local arts groups and the response Sci-Tech is seeing the facility has been a resounding success.

Financial Considerations:

The funds for this Agreement are budgeted from the Hotel\Motel Fund for FY2011 as approved by the City Council at its September 21, 2010 meeting.

Legal Review:

The original Agreement was written by the City Attorney and approved as to form. The only changes are the dates.

Supporting Documents:

- FAA Operating Budget plus Expenditure Analysis\Breakdown
- FDC Booking Calendar (only through December 2010)
- Resolution
- Agreement

Staff Recommendation:

Staff recommends approval as submitted.